Remarks

Alan Greenspan

Chairman
Board of Governors of the Federal Reserve System
Washington, D.C.

Announcement of
New Currency Design

U.S. Treasury
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Thank you, very much, Mr. Secretary. I needn't tell you that the Federal Reserve is quite pleased to be part of this event.

As many of you know, the Federal Reserve has the responsibility of putting currency into circulation through the banking system.

These newly designed Notes will be handled in the same way as older currency.

Depository institutions obtain the currency they need for their customers from their district Federal Reserve Banks, and they dispose of surplus currency by depositing it in their Reserve bank accounts.

In this process of receiving and paying out currency in response to the needs of depository institutions, Federal Reserve Banks -- as they count incoming deposits -- also have the opportunity to determine whether each Note is in good enough condition to be recirculated and to verify each Note for genuineness.

Approximately two thirds of all Notes received by the Reserve Banks in incoming deposits are fit enough to be recirculated.

The remaining third -- which are worn out or soiled -- are destroyed and replaced by new Notes obtained from the Bureau of Engraving and Printing.

On average only nine Notes in every million are found to be counterfeit.

The introduction of the new currency will work this way:

The new $100 Notes -- the first in the series -- will be ready for circulation in early 1996.

As banks deposit Notes in the regular course of business, the Federal Reserve Banks will replace any older design Notes with Notes of the new design.

All existing Notes will continue to be legal tender.

The new designs of $50s, $20s, $10s and $5s will be introduced individually over the next several years.

The 12 Federal Reserve Banks and their 25 branches around the country provide currency to the depository institutions in their territories as the depository institutions need it.

Consequently, not all depository institutions and not all depository institution customers will be seeing the new $100 Notes immediately.

I want to assure you that the United States has never recalled its currency and will not do so now.

Old Notes will not be recalled or devalued.

The United States has always honored its currency at its full face value, no matter how old.

Our currency is trusted and accepted by people throughout the world. Because of this special status, the protection of our currency from counterfeiting has long been a priority.

... So, rest assured that the Department of the Treasury and the Federal Reserve System remain firmly committed to that goal.

And now, Mr. Secretary, I believe we are ready to introduce the redesigned currency.